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FM AMEMBASSY DAR ES SALAAM
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C O N F I D E N T I A L DAR ES SALAAM 001484

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DEPT AF/FO FOR A/S FRAZER, DAS SWANN
ALSO AF/E FOR MBEYZEROV, AF/EPS FOR ABREITER
PASS TO COMMERCE ITA FOR BERKUL
PASS TO TREASURY FOR VBRANDON, JRALYEA
PASS TO USTR FOR WJACKSON
NAIROBI FCS FOR JSULLIVAN

E.O. 12958: DECL: 11/07/2017
TAGS: [ECON](#) [BEXP](#) [ETRD](#) [PREL](#) [EINV](#) [BTIO](#) [TZ](#)
SUBJECT: BOEING AND AIR TANZANIA: WINDOW OF OPPORTUNITY
CLOSING FAST

REF: A. DAR ES SALAAM 1410
[B](#). DAR ES SALAAM 1249
[C](#). DAR ES SALAAM 1074

Classified By: Deputy Chief of Mission, D. Purnell Delly for
reasons 1.4 (b,d).

Summary

[1](#). (C) Since our last update, there still have been no substantive negotiations between Boeing and Air Tanzania (ATC), and Boeing has been informed by one ATC Board member that the airline will purchase Airbus aircraft. In the words of Boeing's representative for East Africa, this has "not been a competitive process." End summary.

[2](#). (C) Post has advocated aggressively on behalf of Boeing in its competition with Airbus to replace Air Tanzania's aging fleet (reftels). In the course of this advocacy, ATC and Government of Tanzania (GOT) officials have repeatedly assured the Ambassador, DCM, and other USG and Boeing representatives that ATC has not made a decision regarding the purchase of new aircraft, and that the company will engage in a transparent acquisition process. (Note: ATC is wholly owned by the GOT.)

[3](#). (C) However, Robert Faye, Boeing's regional representative for East Africa, informed Post on November 6 that a member of the ATC Board had contacted him to tell him that ATC was planning to lease and purchase Airbus aircraft because Airbus could provide aircraft at an earlier date than Boeing could. Boeing believes this is a red herring and assures us that the dates for availability of Boeing and Airbus aircraft are the same. ATC CEO David Mattaka is not returning Faye's calls.

[4](#). (C) Since Post began advocacy efforts on behalf of Boeing in July 2007, Air Tanzania has never fully engaged Boeing in negotiations over aircraft price, leasing options, and related services. In addition, Boeing's communications with the industry's largest leasing companies indicate that while ATC has engaged brokers to lease either Airbus or Boeing aircraft, ATC has ignored legitimate, sound offers to lease Boeing aircraft. Boeing reports that the combination of 1) ATC officials' public statements that they have chosen to acquire Airbuses; 2) an advertisement in the "New African" featuring ATC's new logo on an Airbus (ref A); and 3) complete lack of engagement with both Boeing and lessors, have convinced the company that ATC does not intend to engage

in a transparent process.

Comment

15. (C) To this point, ATC has not engaged in a transparent acquisition process. As we reported earlier, there is every indication instead that for ATC and the Infrastructure Minister, the decision in favor of Airbus was made months ago. To turn this around will require continued high-level engagement by Washington, including engagement directly with President Kikwete. That is why we are delighted the Treasury Secretary has agreed to raise Boeing in his meeting with

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President Kikwete and the Finance Minister on Thursday, November 15 in Arusha. His message must stress the crippling impact a non-transparent acquisition process has on Tanzania's investment climate, and the questions it raises about the will to tackle corruption in the run-up to a \$700 million MCC Compact signing in January 2008.

GREEN